

# **Exhibit I**

# ***Proposed Toll and Fare Structure***

August 19, 2011

THE PORT AUTHORITY OF NY & NJ

Good Morning Commissioners. I appreciate the opportunity to present for your approval, a new toll and fare structure for our Tunnels, Bridges and PATH system.

## ***Current Environment***

- **Historic economic recession:**
  - **Lost \$2.6 billion in projected net revenues**
- **Approximately \$6 billion in post 9/11 security costs**
- **More than \$11 billion to rebuild WTC site**
- **Aging facilities require largest overhaul in 90-year history**
- **Need to build modern facilities for future needs**

The historic economic recession has had a dramatic effect on the Port Authority as we have lost \$2.6 billion in net revenues from what was projected when we set the last ten-year capital plan in 2007.

Since 9/11, our annual and capital security costs have nearly tripled and we have spent approximately \$6 billion in security costs for our facilities. Finally, we are investing over \$11 billion to rebuild the World Trade Center site.

At the same time there is a need billions to overhaul our aging facilities, some of which are over 100 years old; and to build modern facilities for future needs.

## ***Managing in Economic Downturn***

- **3 years zero growth operating budgets**
  - Staffing levels lowest in 40 years
  - Reduced consulting services
  - Restructured programs, leveraged technology and streamlined business practices
- **Deferred capital spending**

The Port Authority started cost-cutting management measures going back to 2004. Since 2004, the Port Authority reduced non-public safety staffing levels by more than 700 positions, approximately 12%.

In addition, we have delivered 3 consecutive years of zero-growth operating budgets. To achieve these zero growth budgets we also restructured functions, leveraged technology and streamlined business practices and significantly reduced consultant services.

This constrained operating environment also required us to re-prioritize and defer millions of dollars in program capital spending.

## ***Toll & Fare Increase Proposal***

### E-ZPass Toll

	<u>9/18/11</u>	<u>12/1/12</u>	<u>12/1/13</u>	<u>12/1/14</u>	<u>12/1/15</u>
Car	\$1.50	\$.75	\$.75	\$.75	\$.75
Truck	\$2/axle	\$2/axle	\$2/axle	\$2/axle	\$2/axle

### Cash Penalty

	<u>9/18/11</u>	<u>12/1/12</u>	<u>12/1/13</u>	<u>12/1/14</u>	<u>12/1/15</u>
Car (rounding up)	\$2	\$2	\$2	\$2	\$2
Truck	\$3/axle	\$3/axle	\$3/axle	\$3/axle	\$3/axle

### PATH

	<u>9/18/11</u>	<u>10/1/12</u>	<u>10/1/13</u>	<u>10/1/14</u>
Path Fare	\$.25	\$.25	\$.25	\$.25

In order to maintain and grow the critical transportation infrastructure that serves the bi-state region, the toll and fare increases are essential if the Port Authority is to have the financial capabilities necessary to drive this region forward.

As you can see, under this proposal, developed in consultation with governors Cuomo and Christie as can be seen on the screen, car tolls would be raised \$1.50 in September and \$.75 each December through 2015. Truck tolls would increase \$2 per axle in September and again each December until 2015. Cars and trucks not using E-Zpass would pay a penalty of \$2 per car and \$3 per truck axle. We believe this cash penalty will encourage drivers to move to E-Zpass, which in turn will reduce congestion at our bridges and tunnels.

Finally, PATH fares would increase \$.25 in September and again in each October 2012, 2013 and 2014.

Taken together, these increases, modified from the initial proposal put forward to the Board and public will assure our continued financial stability, which creates tens of thousands of jobs and improves our infrastructure.

## ***Hearings and Comment Opportunities***

- Nine public hearings held at the following locations:
  - Newark Liberty International Airport
  - Port Authority Technical Center
  - Port Ivory/Howland Hook
  - Port Authority Bus Terminal
  - George Washington Bridge Administration Building
  - Holland Tunnel Administration Building
  - George Washington Bridge Bus Station
  - John F. Kennedy International Airport
  - Online Hearing-Port Authority Website
- Added a public meeting in Staten Island at the request of the Staten Island community
- Comments also received via mail and the Port Authority Website
- Official transcripts of all hearings provided to Board of Commissioners

As you know, we held a record number of public hearings with record turnout at nine locations including one online. In addition, we received comments via mail and our website.

A public meeting was also added in Staten Island at the request of the Staten Island community

We heard many compelling stories from a broad spectrum of individuals across the region. We heard from those who oppose the plan and we heard from those who support the plan, including over 60 organizations, representing business, labor and environmental groups. Finally, our Governors provided us the guidance to reach today's proposal.

Again, these increases are imperative if we are to accomplish the much needed projects to advance the agency's infrastructure and economic growth mission.

## ***Capital Capacity***

- **\$25.1 billion of capital investment over 10 years**
  - Approximately 60% to be spent in the next 4 years
- **Address immediate critical infrastructure needs**
- **Allow Agency to meet financial statutory requirements**
- **Creates private sector jobs and economic opportunity**

This toll and fare increase will allow the Port Authority to invest \$25.1 billion in critical infrastructure projects that will provide an efficient, safe and secure transportation network for our customers who rely on this agency every day.

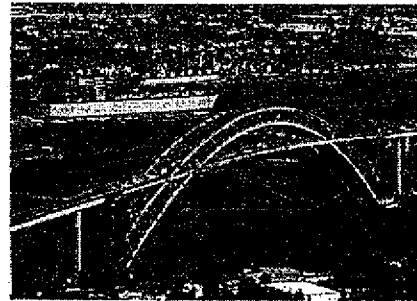
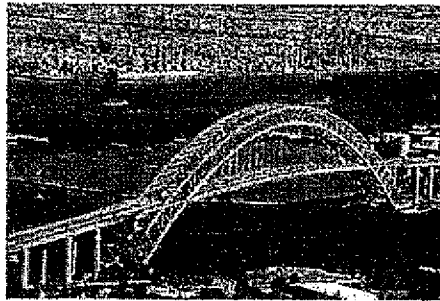
This will also allow the agency to access the capital markets while maintaining our strong credit ratings and meeting all of our statutory bond covenants.

This capital plan will also benefit the region by generating 131,000 jobs will be created, \$7.6 billion in wages and \$30 billion in sales.

## ***Tunnels, Bridges & Terminals***

**Massive investments to modernize decades-old facilities**

**Bayonne Bridge – Raise the Roadway to 215'**



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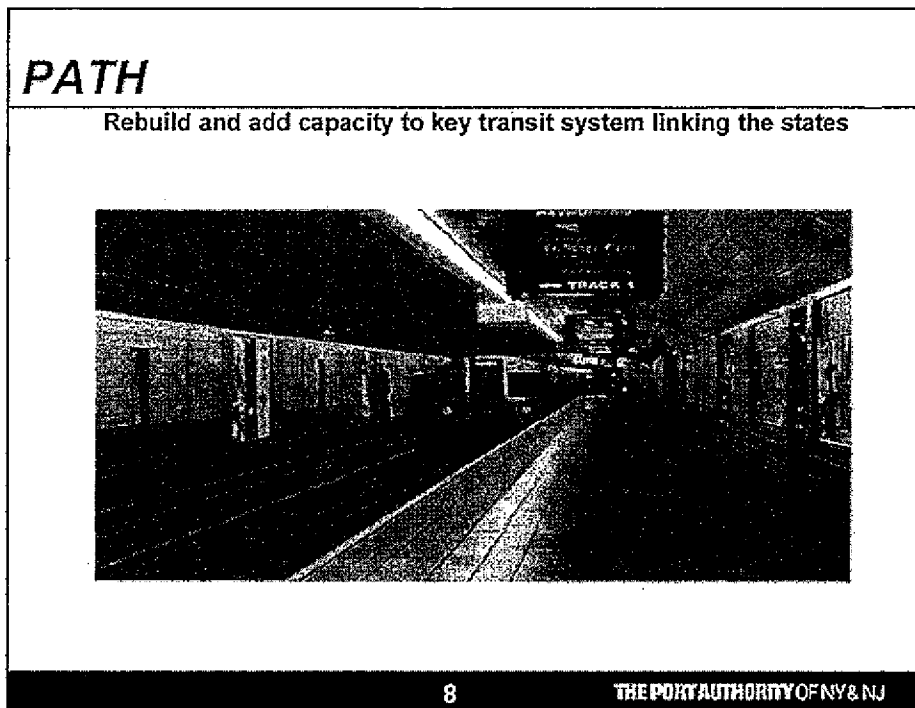
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Massive investments are planned to modernize existing vehicular and bus facilities - some over 85 years old, which are presently used by 120 million vehicles and 3 million bus movements each year.

As you can see in these side-by-side photos, one of the key projects supported by the tolls increase is the raising of the roadway at the Bayonne Bridge, which will accommodate the larger ships expected to call on the port with the opening of the expanded Panama Canal. It is an investment in the competitiveness of our ports, as well as the 230,000 jobs and \$25 billion in sales they generate.

Other key tunnel and bridge needs include: replacing the Goethals Bridge, replacing the suspender ropes at the George Washington Bridge, reconstructing the Lincoln Tunnel Helix and rehabilitating roads, decks and vital ventilation systems, such as at the Lincoln Tunnel.





PATH, as most rapid transit systems, operates at a deficit. Unlike other systems, taxes or federal funds do not subsidize PATH.

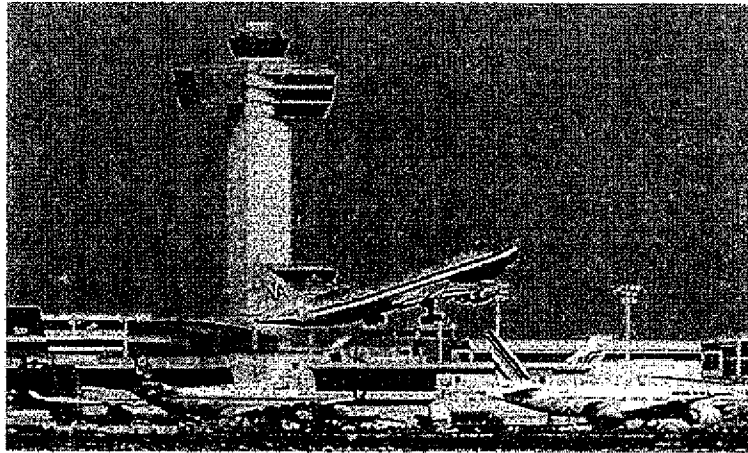
This toll and fare increase will allow us to invest \$3 billion to rebuild and add capacity to a system which is over 100 years old, serves nearly 74 million passengers, and is a key transit system linking New Jersey and New York.

Here we see a photo of the Exchange Place platform, which has been extended to accommodate 10 cars and is an example of what we plan to do at other station platforms along the WTC-Newark line.

Other major projects include: completing the new car purchase program, signal system replacement program, upgrading and replacing power systems and enhancing security systems such as a water management system, new electrical duct banks, structural improvements and tunnel erosion protection.

## ***Aviation***

Redevelopment of one of the busiest airport networks in the world



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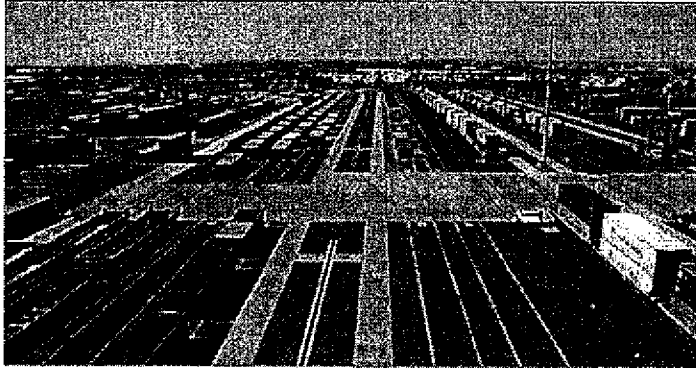
We will upgrade one of the busiest airport networks in the world, which serve over 100 million passengers, transports more than 2 million tons of cargo and supports 455,000 jobs in the region annually. Combined, this interregional airport system has 285 miles of roadways, taxiways and runways. The runways and taxiways require regular rehabilitation to ensure FAA compliance.

Replacement and rehabilitation of runways and taxiways represent a significant portion of projects to be undertaken at our airports.

Other priority aviation projects include: the rehabilitation and overhaul of AirTrain; upgrading utilities and power systems; improving airside access controls for increased facility security; and installing hardened barriers to protect terminals and other airport properties.

## ***Port Commerce***

Maintain competitiveness of region's link to global markets



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To ensure optimal throughput of goods and to maintain our competitive position among other ports, we need to provide passage for megaships of the future and direct links from docks to rails to exceed the current 3 million containers that we handle annually.

The importance of our ports is evident by the handling of over \$175 billion in cargo and approximately 31 percent of all East Coast cargo in 2010. Some 4,800 ship calls came in from all over the world.

This photo shows an example of our investment in dock to rail through the ExpressRail facilities.

Other projects that will help maintain the Port's competitiveness include: terminal redevelopment, replacement and rehabilitation of piers, berths and wharfs, expanding and enhancing capacity on roadways and ensuring only authorized individuals can access secure areas of the Port.

## ***World Trade Center***

Complete rebuilding of the World Trade Center site



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Finally, we are going to complete the rebuilding of the World Trade Center site including: a secure state-of-the-art office and retail complex; a multi-connection transportation hub for commuters; infrastructure for the 9/11 memorial; the vehicle security center; and all the remaining site infrastructure.

## ***Request For Approval***

- ***Required to meet critical facility needs now and in the future***
- ***Region depends on us for the safe and efficient movement of goods and people***
- ***Over the next 4 years the Port Authority will fund approximately \$15 billion in capital spending helping stimulate the regional economy***
- ***Over the next 10 years 131,000 jobs will be created, \$7.6 billion in wages generated and \$30 billion in sales***

Commissioners, we recognize the difficulty of deciding to raise tolls and fares at this time. However, it is required to meet critical facility needs now as well as in the future.

The region depends on us for moving goods and people safely and reliably. Over the next 4 years, the Port Authority needs to fund approximately \$15 billion in capital spending.

Over the next 10 years 131,000 new jobs will be created, \$7.6 billion in wages will be generated and \$30 billion in sales by our capital investments.

Commissioners, I request your approval of these items.